

Message Text

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ACTION IO-13

INFO OCT-01 ARA-10 ISO-00 OIC-02 CIAE-00 DODE-00 PM-04
H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01
SP-02 SS-15 USIA-15 AID-05 COME-00 EB-07 FRB-01
TRSE-00 XMB-04 OPIC-06 LAB-04 EPG-02 SIL-01
OMB-01 /113 W
-----070805Z 067300 /11

R 061418Z MAY 77
FM AMEMBASSY GUATEMALA
TO SECSTATE WASHDC 5895
INFO USUN NEW YORK 578
AMCONSUL BELIZE

UNCLAS SECTION 1 OF 2 GUATEMALA 2818

DEPT PASS ALL ARA DIPLOMATIC POSTS

E.O. 11652: N/A
TAGS: ECLA, ECON, GT
SUBJECT: RAUL PREBISCH ADDRESSES 17TH SESSION

SUMMARY: DR. PREBISCH DELIVERED A WIDE-RANGING AND EFFECTIVE
CRITIQUE OF OBSTACLES TO LATIN AMERICAN DEVELOPMENT. HE DIS-
CUSSED POVERTY, CAPITAL FORMATIOON, CONSUMPTION PATTERNS, TRANS-
NATIONAL ENTERPRISES (TNE'S) REGIONAL INTEGRATION, DEVELOPED-COUNTRY
TRADE POLICIES, AND EMPLOYMENT PROBLEMS, AND ROUNDSLY ENDORSED
THE IMPORTANCE OF HUMAN RIGHTS TO DEVELOPMENT. END SUMMARY.

1. PREBISCH BEGAN HIS STATEMENT BY DISCUSSING "CRITICAL POVERTY."
HE NOTED THAT IT WAS ORIGINALLY THOUGHT THAT A DYNAMIC DEVELOPMENT
PROCESS WOULD CORRECT THE PROBLEM, BUT WE NOW RECONIZE IT HAS
NOT AND WILL NOT. HE SAID THAT IT IS A RESULT OF THE MALDISTRIBUTION
OF INCOME AND THAT THE ISSUE HAS TO BE SQUARELY FACED. SUGGESTED
THAT GREATER EMPHASIS ON LATIN AMERICAN CAPITAL FORMATION,
FINANCIAL, HUMAN AND SOCIAL MIGHT ALLOW MORE RAPID PROGRESS.
HE SUGGESTED THAT A MORE EFFECTIVE SYSTEM TO CAPTURE AND
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DISTRIBUTE THE BENEFITS OF MODERN TECHNOLOGY WOULD HELP UNDERWRITE
THIS CAPITAL FORMATION, HE ROUNDLY CRITICIZED WASTEFULIINITIATIVE
CONSUMPTION PATTERNS WHICH HE SAID ARE INCOMPATIBLE WITH
DEVELOPMENT EFFORTS. HE DISMISSED SUGGESTIONS THAT THIS CON-
SUMPTION SHOULD BE BLAMED ON TNE'S OR OTHER FOREIGN INFLUENCES,
ALTHOUGH THEY ENCOURAGE IT AND PROFIT FROM ITS,IBUT SAID LATIN
AMERICA HAD CHOSEN THE PATTERN ITISELF AND MUST ACCEPT THE

RESPONSIBILITY.

2. HE DISCUSSED TNE'S AT SOME LENGTH IN DIFFERENT CONTEXTS. HE NOTED THAT THEY ARE VERY POWERFUL AND EFFECTIVE ORGANIZATIONS BUT THAT THEY ARE CONTRIBUTORS TO CERTAIN MAJOR EVILS, INCLUDING POLLUTION AND THE WASTE OF NATURAL RESOURCES. HE SUGGESTED THAT GREATER INTRA-LATIN AMERICA COOPERATION WOULD INCREASE THE LATIN'S NEGOTIATING POWER VIS-A-VIS THE TNE'S AND ALLOW THE COUNTRIES TO GET THE ADVANTAGES OF TNE'S WITHOUT THEIR DISADVANTAGES. HE SAID THAT EVEN THE USSR HAS NOW LEARNED TO USE THESE ORGANIZATIONS TO ITS OWN BENEFIT. HE MENTIONED THE TENDENCY IN LATIN AMERICA TO RELY ON THE TNE'S FOR THEIR CAPITAL NEEDS AND USE THEIR OWN RESOURCES FOR CONSUMPTION RATHER THAN SAVINGS AND CAPITAL FORMATION.

3. PREBISCH ACKNOWLEDGED THAT, WITH THEIR POWER FOR INNOVATION, TNE'S HAVE TAKEN ADVANTAGE OF BOTH IMPORT SUBSTITUTION AND EXPORT PROMOTION POLICIES OF LATIN AMERICAN GOVERNMENTS AND, THUS, TNE'S PERFORM AN IMPORTANT TASK IN MANUFACTURING GOODS BUT NOTED THAT THEIR MARKETING EFFORTS ARE DIRECTED TOWARD DEVELOPING COUNTRY MARKETS.

4. ON TRADE, PREBISCH CRITICIZED THE DEVELOPED COUNTRIES FOR NOT REDUCING BARRIERS TO IMPORTS OF PRODUCTS WHERE LATIN AMERICA HAS OR COULD HAVE A COMPARATIVE ADVANTAGE. THIS SITUATION AMMLMOST GUARANTEES THAT THE REPATRIATION OF TNE EARNINGS WILL ACT AS A DRAIN ON DEVELOPMENT RESOURCES WITHOUT OFFSETTING EXPORT EARNINGS. PREBISCH ALSO CRITICIZED CONTINUED TRARIFF ESCALATION AND DESCRIBED THE GSP, WITH ALL ITS LIMITATIONS, UNCLASSIFIED

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AS A VERY MODEST PROGRAM.

5. HE EXPRESSED GREAT CONCERN ABOUT THE LACK OF PROGRESS ON LATIN AMERICAN REGIONAL INTEGRATION, NOTING THAT LAFTA SEEMS TO CRAWL ALONG, STUMBLING OVER EVERY STONE BECAUSE IT DOES NOT SET ITS SIGHTS HIGH ENOUGH. HE SUGGESTED THE POSSIBILITY OF FORMING LATIN AMERICAN MULTINATIONS CORPORATIONS AS A WAY OF INCREASING RECIPROCAL TRADE IN THE REGION AND MOBILIZING ITS RESOURCES.

NOTE BY OC/T: NOT PASSED ALL ARA POSTS.

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INFO OCT-01 ARA-10 ISO-00 OIC-02 CIAE-00 DODE-00 PM-04
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TRSE-00 XMB-04 OPIC-06 LAB-04 EPG-02 SIL-01
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R 061418Z MAY 77
FM AMEMBASSY GUATEMALA
TO SECSTATE WASHDC 5896
INFO USUN NEW YORK 579
AMCONSUL BELIZE

UNCLAS SECTION 2 OF 2 GUATEMALA 2818

DEPT PASS ALL ARA DIPLOMATIC POSTS

6. PREBISCH SAID THAT THE MORE HE STUDIES LATIN AMERICAN DEVELOPMENT THE MORE CONCERNED HE BECOMES. THE LATINS HAVE NOT DEALT WITH THE OBSTACLES TO THE ABSORPTION OF THE LABOR FORCE, WHICH IS THE GREATEST DYNAMIC PROBLEM THEY FACE. THE PROBLEM IS NOT JUST WITH THE LOWER CLASSES AND RURAL POOR BUT ALSO THE WHOLE GENERATION OF YOUNG PEOPLE WHO ARE TAKING ADVANTAGE OF EDUCATION AND ARE QUESTIONING THE VALIDITY OF A SYSTEM WHICH DOES NOT PROVIDE OPPORTUNITIES FOR MEANINGFUL EMPLOYMENT OF THEIR SKILLS. THE SAME DOUBTS ALSO CONFRONT THOSE ABSORBED INTO THE SYSTEM WHO FIND THAT THE DISTRIBUTION OF INCOME DOES NOT BEHAVE BY ANY ETHICAL PRINCIPLE.

7. PREBISCH SAID THAT INCOME DISTRIBUTION PROBLEMS ARE GROWING AND LEADING TO IMBALANCE IN THE ECONOMIC SYSTEM AND THE DEMOCRATIC PROCESS. MARKET FORCES, WHICH ARE A VERY POWERFUL AND EFFECTIVE TECHNICAL TOOL, ARE NOT FULFILLING THEIR SOCIAL ROLE BECAUSE OF THE INADEQUATE STRUCTURE OF THE SYSTEM. HE EXPRESSED THE FEAR THAT LATIN AMERICA IS LOSING FAITH IN THE WESTERN SYSTEM.

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8. HE SAID NO ONE SHOULD BE SURPRISED THAT THE ISSUE OF HUMAN RIGHTS IS RAISED. HE SUPPORTED AMBASSADOR YOUNG'S STATEMENT ON THE IMPORTANCE OF HUMAN RIGHTS AND SAID THAT THIS EXPRESSION OF MORAL SOLIDARITY BY THE NORTHERN HEMISPHERE IS SIGNIFICANT. HE CALLED FOR A DEEP EXAMINATION OF THE PROCESS WHICH HAS PRODUCED THE PATTERN OF VIOLENCE AND COUNTER-VIOLENCE IN LATIN-AMERICA AND SAID THAT UNLESS LATIN AMERICA CAN BRING

ETHICAL SENSE TO ITS WON INTERNAL ORDER IT WILL NEVER PRODUCE
A CONCRETE NEW INTERNATIONAL ORDER. HE CAUTIONED THAT THE
MORAL SOLIDARITY ON THIS ISSUE NOT TAKE THE FORM OF PUNISHMENT
INCLUDING ATTEMPTS TO USE THE INTERNATIONAL FIANCIAL INSTITUTIONS
TO INTERFERE IN THE INTERNAL AFFAIRS OF LATIN AMERICA.

9. COMMENT: PREBISCH AND/OR HIS SPEECH RECEIVED THE
LONGEST APPLAUSE OF ANY STEMETS AT THE CLA. IT WAS
THE PERSONALSTATEMENTOF ONE OF THE MOST RESPECTED
INTELLECTS AND THINKERS OF LATIN AMERICA AND WAS DELIVERED
WITH GREAT CONVICTION AND EFFECTIVENESS.
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Message Attributes

Automatic Decaptioning: X
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Review Release Event: n/a
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Review Withdrawn Fields: n/a
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Subject: RAUL PREBISCH ADDRESSES 17TH SESSION SUMMARY: DR. PREBISCH DELIVERED A WIDE-RANGING AND EFFECTIVE CRITIQUE OF OBSTACLES TO LATIN AMERICAN DEVELOPMEN
TAGS: ECON, SHUM, GT, XM, ECLA, (PREBISCH, RAUL)
To: STATE
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